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**Biweekly Narrative Seafood Report No: 9 - 2003): Korea**

Prepared by Alaska State Trade Representative in Korea

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**1. Korean Economy Update**

***Korea Economy Update by MOFE:***

- ? In February, the Korean economy slowed due in large part to a contraction in consumption and investment, while internal and external uncertainties had been growing. Industrial production grew 10.2 percent on-year, a sizeable increase from 3.5 percent in January 2003. This is due to an increase in semiconductor, automobile, and machinery equipment production.
- ? Wholesale and retail sales were down 1.8 percent on-year because the Lunar New Year holiday fell in January rather than February (as it did last year) and consumer spending shrank despite an increase in automobile and fuel sales.
- ? Capital investment contracted 4.0 percent year-on-year, due to sagging investment in computers and telecommunication equipments. Construction orders grew a noticeable 44.0 percent on the back of a considerable increase in private-sector housing and office construction orders.
- ? Exports grew a record-high 17.5 percent on-year to US \$15.6 billion in March, the largest ever in terms of monthly value. The trade balance, however, registered negative growth due to 32.9 percent on-year import growth.
- ? Consumer prices rose 1.2 percent on-month in March due mainly to an increase in agricultural, fishery, livestock, and oil prices as well as a hike in city bus and subway fares, and education fees. The unemployment rate slightly declined 0.1 percentage point to 3.6 percent due primarily to an increase in the demand for agricultural, fishery, and forestry workers.

? Interest rates remained higher in March compared to the previous month. Stock prices were volatile in response to developments in the Iraq war and a bearish trend by lingering uncertainties about domestic and overseas economic conditions.

(Source: Ministry of Finance & Economy, Republic of Korea)

**S P to Keep Ratings on Korea:** Standard & Poor's (S&P), a global credit ratings agency based in the United States, announced Monday that it has decided to maintain its current A- rating, with a positive ratings outlook on the Korean economy. An S&P delegation, led by John Chambers, an S&P executive in charge of sovereign ratings, conducted its annual consultation meetings with the Korean government offices early this month.

In a press release on the ratings, Chambers said that the agency decided to keep the current ratings on the Korean economy due to its expectations that despite how it would take a certain period to ease the tension on the Korean peninsula over North Korea's nuclear development, South Korea would be able to alleviate the tension substantially through its negotiations with, and aid to, North Korea.

In July last year, the agency raised its ratings on Korea's long-term foreign-currency sovereign debts by one notch, to A-, and has kept the rating so far

(Source: May 26, 2003, the Chosun Ilbo, Korea)

## 2. Fisheries News in Korea

**Fisheries Cooperatives Under Overhaul:** Huh Sung-kwan, head of the Ministry of Maritime Affairs and Fisheries (MMAF), said Monday that the ministry has demanded that the 13 ailing cooperative branches of the state-run National Federation of Fisheries Cooperatives (NFFC) come up with strong self-rescue measures. He said that the ministry would decide after viewing the rescue plans whether to keep the cooperatives rolling or to liquidate them in August.

According to a management analysis by the ministry on 97 MMAF branches nationwide, their total estimated losses were W841.7 billion.

(Source: May 12, 2003, the Chosun Ilbo, Seoul, Korea)

**Storage of Marine Products to Be Scrapped:** The government will stop storing marine products at its warehouses by 2007 in a measure to reduce the nation's budget deficit, according to the Ministry of Maritime Affairs and Fisheries. The program, which was introduced in 1979 to cushion sudden price changes of seafood products, will be gradually scrapped.

According to a Seoul official, it was also difficult for the government to maintain the program in the face of mounting pressure from the international community on government intervention in the market.

Seven seafood products, mainly pollock, squid, yellow corvina, mackerel, hairtail, dried laver and brown seaweed, have been stored at state warehouses. The stored products accounted for 0.7-6.5 percent of total production.

*(Source: May 26, 2003, the Ministry of Marine Affairs & Fisheries, Korea)*

### 3. The Update on Wholesale Fisheries Market in Korea

**Garak-dong Wholesale Fisheries Market: May 19 – 24, 2003:** Average wholesale price index of seafood was 102.2 during the above week, up 1.94 from the previous week:

fishery – 96.83  
Crab - 126.13  
Shellfish – 102.11  
Dried fish – 98.76

#### • **Alaska Pollock:**

- Fresh Pollock from Japan:
  - 1) Prices went down due to decrease in consumption caused by hot weather
  - 2) Daily Supply: 10 tons  
Wholesale Price: W 16,000 per 10-kg-box (US \$0.60 / lb.) for medium
- Frozen Pollock:
  - 1) 90 tons of Russian Pollock were supplied to the market last week, but they did not affect wholesale prices.
  - 2) Price: W 52,500 per 18-kg-PAN (US \$1.10 /lb.) for medium

*(Source: Seoul Agricultural & Marine Products Corporation)*